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DIRECTORATE OF
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Intelligence Report

The Economic Situation in South Vietnam (Weekly)

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence

The Economic Situation in South Vietnam

Summary

A survey of farmers in southern South Vietnam indicates that they have an overwhelming desire to own land with little regard for its price and the long-term indebtedness involved in purchasing it.

South Vietnam's first graduate school of business administration opened this month in Saigon under the leadership of former minister of labor Pho Ba Long.

Retail prices in Saigon increased four percent during the week ending 10 February as consumers stepped up their purchases for the Tet holidays. Prices of imports, however, continued to decline slightly. The free market price of dollars was unchanged, while the prices of gold and MPC were down slightly.

ANNEX: Weekly Retail Prices in Saigon (table)
Weekly and Monthly Currency and Gold
Prices (graph)

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Farmers' Desire for Land

1. A survey conducted in late 1967 by the Stanford Research Institute among residents of relatively secure hamlets in the III and IV Corps areas of South Vietnam indicates that the desire to own land ranks first among farmers' aspirations for a better life. This desire was less intense, however, among residents in contested areas where the more immediate problem of security took precedence. In general, the farmer tended to limit his horizon to those things that have a direct effect on himself and his family such as land, credit, and agricultural improvement and had little interest in community improvements such as schools, roads, and better administration.

2. Among all hamlets surveyed 80 percent of the farmers who were either tenants or owner-tenants said they would prefer to buy land based on a 12-year government-guaranteed credit program than to rent land with full security of tenure. Furthermore, farmers indicated a strong desire to purchase land at almost any price. More than 85 percent of the owners, owner-tenants, tenants, and farm laborers interviewed said they preferred ownership of rice land to a city job. The farmers interviewed expressed a very strong attachment to the land where they live. In many cases the farmer's ancestors lived on the same land, and ownership would not only tie him to the past but also assure that his children would be able to take care of him in the future. Despite the strong urge to stay in the place of one's ancestors, most farmers were willing to move elsewhere if this was necessary to own land.

3. Government assistance to finance the buying of land is preferred to other types of government assistance. When tenants and owner-tenants were asked to assign priorities among three kinds of assistance--credit to buy farm implements, technical assistance to increase production, and long-term credit to purchase land--64 percent of the owner-tenants and 73 percent of the tenants

gave first priority to credit for purchasing land. The fact that land purchases would require the farmers to mortgage a substantial amount of their future income over an extended period of time apparently was not a matter of great concern.

First Graduate School of Business

4. South Vietnam's first graduate school of business administration opened this month in Saigon with a class of 150 students. Former minister of labor Pho Ba Long is the dean of the new school, which is a part of Da Lat University. The school offers a two-year program leading to a master's degree with courses in business management, industrial relations, marketing, finance, and business law. Full-time faculty members are from Da Lat University's undergraduate school of business administration, but there also will be outside experts from government, business, and the foreign community teaching evening classes. Dean Long told embassy officers that the military draft had limited the number of applicants and that 54 of the 120 male students enrolled have been given draft exemptions. The school is being financed largely by Da Lat University, but Long is actively soliciting private contributions as well as part-time jobs for the students. According to Long, the travel expenses for one Vietnamese student going to the United States would support ten students at his graduate school for the full two-year course.

Prices

5. After a two-week decline, retail prices in Saigon rose four percent during the week ending 10 February, reportedly because of a late surge of buying for the Tet holidays. Food prices increased three percent, although the price of domestic rice declined for the second consecutive week. Nonfood prices were up five percent. On 10 February the USAID index was only two percent above the level of 6 January compared with an increase of nine percent during the five-week period before Tet last year. (A table of weekly retail prices in Saigon is included in the Annex.)

6. The price index for selected imported commodities continued to decline slightly under the pressure of large inventories and continued new arrivals. On 11 February the index was four percent below the level of 31 December 1968.

Currency and Gold

7. During the week ending 10 February free market prices of gold and MPC (scrip) declined slightly, while the price of dollars was unchanged at 190 piasters per dollar. The price of gold leaf fell four piasters to 278 piasters per dollar, and the rate for scrip declined two piasters to 150 piasters per dollar. (A graph on monthly and weekly currency and gold prices is included in the Annex.)

TABLE
Weekly Retail Prices in Saigon^a

	2 Jan 1968	6 Jan 1969	20 Jan 1969	27 Jan 1969	3 Feb 1969	10 Feb 1969
Index for All Items	<u>308</u>	<u>400</u>	<u>405</u>	<u>402</u>	<u>393</u>	<u>408</u>
Index for Food Items	<u>344</u>	<u>443</u>	<u>448</u>	<u>445</u>	<u>433</u>	<u>446</u>
Of Which: (In Piasters)						
Rice-Soc Nau (100 kg.)	2,500	3,100	3,250	3,250	3,200	N.A.
Pork Bellies (1 kg.)	220	260	220	220	220	N.A.
Fish-Ca Tre (1 kg.)	230	310	340	330	310	N.A.
Nuoc Mam (jar)	150	220	220	220	220	N.A.
Index for Nonfood Items	<u>241</u>	<u>319</u>	<u>325</u>	<u>324</u>	<u>319</u>	<u>335</u>
Of Which: (In Piasters)						
Firewood (cu. meter)	600	800	800	780	760	N.A.
Cigarettes (pack)	14	22	22	22	22	N.A.
White Calico (meter)	52	82	90	92	88	N.A.
Kerosene (liter)	9	10	10	10	10	N.A.

a. Data are from USAID sources. For indexes 1 Jan 1965 = 100.

